

Monthly Fact Sheet 31 July 2018

Launch Date	12 May 1999
Gross Assets	£ 65.14 m
Net Assets	£ 50.28 m*
Bank Debt	£ nil
Dividend Yield	3.98%**

	Zero Dividend Preference Shares	Ordinary Shares
Share Price (price per share)	104.50p	229.00p
NAV (price per share)	102.46p	241.16p*
Premium/ (Discount) to NAV	1.99%	(5.047)%
Share Capital	14,500,000***	20,850,000

*includes unaudited revenue reserve to 31/07/2018

**calculation includes last four dividends and special dividend

***redeemed at 133.18p - 30/04/2025

Fund Managers



David Horner

qualified as a chartered accountant in 1984 with Deloitte before joining 3i Corporate Finance Limited in 1986. In May 1993 he joined Strand Partners Limited, and was appointed a director in January 1994, where he carried out a range of corporate finance assignments identifying, structuring and managing investments in quoted and unquoted companies. In June 1997 he left to set up Chelverton Asset Management Limited and, in May 1999, he launched the Chelverton UK Dividend Trust, which he still co-manages. He has also co-managed the Chelverton UK Equity Income Fund since launch. In 2013 he resigned his membership of the Institute of Chartered Accountants in England and Wales, as his career is now fully involved in fund management.



David Taylor

began his career as an analyst in the research department at Wedd Durlacher and moved into fund management in 1987 with the Merchant Navy Officers Pension Fund. He joined Gartmore Investment Limited in 1991, during this time, he ran a combination of institutional funds and investment trusts, namely the Clydesdale Investment Trust and London & Strathclyde Trust. In 1995, he moved to LGT to manage small cap retail funds and latterly spent nearly seven years as head of UK smaller companies at HSBC Asset Management. He joined Chelverton Asset Management in January 2006 and has co-managed the Chelverton UK Equity Income Fund since launch.

Chelverton UK Dividend Trust PLC

(Formerly Chelverton Small Companies Dividend Trust plc)

Investment Objective and Policy

The investment objective of the Company is to provide Ordinary shareholders with a high income and opportunity for capital growth, having provided a capital return sufficient to repay the full final capital entitlement of the Zero Dividend Preference shares issued by the wholly owned subsidiary corporate fund raisings within our universe. This is obviously something that we are used to dealing with and, on the positive side, it does tend to generate a raft of new investment opportunities.

The Company's investment policy is that:

- The Company will invest in equities in order to achieve its investment objectives, which are to provide both income and capital growth, predominantly through investment in mid and smaller capitalised UK companies admitted to the Official List of the UK Listing Authority and traded on the London Stock Exchange Main Market or traded on AIM.
- The Company will not invest in preference shares, loan stock or notes, convertible securities or fixed interest securities or any similar securities convertible into shares; nor will it invest in the securities of other investment trusts or in unquoted companies.

Monthly Manager Commentary

The last month proved relatively difficult for us as the likelihood of a 'Hard' Brexit appeared to increase as the month wore on. This was after a pronouncement from Chequers earlier in the month that the government was agreed upon a way forwards in negotiating which most commentators deemed to be extremely 'Soft' and which led to two high profile resignations from the Cabinet. Ultimately this shift in perception from one extreme to the other in such a short space of time influenced investor sentiment and we have seen this reflected in the prices of domestic facing small and mid caps. Volatility has picked up as trading volumes have fallen, as ever, over the summer months and underlying fund liquidity has deteriorated as an inevitable consequence of the sheer numbers of corporate fund raisings within our universe. This is obviously something that we are used to dealing with and, on the positive side, it does tend to generate a raft of new investment opportunities.

From a wider stock perspective, recent results and trading statements suggest that, on average, analyst expectations are reasonable with respect to earnings estimates as we suspect that there is generally a healthy dose of Brexit caution in numbers. Certainly, the companies themselves continue to take a pragmatic view in their public pronouncements. Stocks that do disappoint, however, are sold off severely, with our holding in McColl's, the convenience retailer, being a case in point even though we believe that the management did an admirable job in the face of a perfect storm of supplier and weather issues. Other stocks to detract from performance included Wilmington after a disappointing trading update and Revolution Bars, amidst general concern about the high street bar market. On the positive side, Anglo African improved on progress towards drilling a new well and Galliford Try improved on a solid trading update. Amongst the companies we added to were RPS, which has a good proportion of overseas earnings which we were able to access at very attractive earnings multiples, and Crest Nicholson, Photo-Me and Low & Bonar on weakness.

Annual Returns % (GBP)

31/07/2018

	2018	2017	2016	2015	2014	2013	2012	2011
Share Price Ordinary Shares	-11.01	27.59	13.81	29.36	-4.26	79.11	19.72	2.82
Share Price Morningstar Investment Trust UK Equity Income	-6.00	24.41	4.96	24.80	4.82	56.76	38.34	-10.09
NAV	2.78	12.65	6.78	23.05	-4.58	54.62	36.46	-13.94
NAV Morningstar Investment Trust UK Equity Income	3.28	12.80	10.18	16.06	-1.11	43.43	28.41	-10.65

Source: Chelverton Asset Management Limited and Morningstar

Past performance is not a guide to future results.

Dividend History

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
	p	p	p	p	p	p	p
First interim	2.02	1.85	1.70	1.575	1.475	1.40	1.35
Second interim	2.02	1.85	1.70	1.575	1.475	1.40	1.35
Third interim	2.02	1.85	1.70	1.575	1.475	1.40	1.35
Fourth interim	2.40	2.40	2.40	2.40	2.40	2.40	2.35
Subtotal	8.46	7.95	7.50	7.125	6.825	6.60	6.40
% increase	6.4	6.0	5.3	4.4	3.4	3.1	3.2
Special dividend	0.66	1.86	1.60	0.300	2.750	N/A	N/A
TOTAL	9.12	9.81	9.10	7.425	9.575	6.60	6.40

The Key Information Document ("KID") is available on the Chelverton website - www.chelvertonam.com

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31 July 2018

Directors

The Rt Hon. the Lord Lamont of Lerwick
Chairman

David Harris

William van Heesewijk

Howard Myles

Calendar

Year End	30 April
AGM	September
Dividends (Declared)	March, June, September, December

Management Fee	1% pa.
Charge to Capital	Management Fee and Bank Interest (75% to Capital: 25% to Revenue)

Price Information

	ZDP	ORDS
Reuters	SDVP.L	SDV.L
SEDOL	BZ7MQD8	0661582
Market Makers	Canaccord, Numis, Winterflood, Stockdale	

Contact Us

T	020 7222 8989
E	cam@chelvertonam.com
A	Chelverton Asset Management Limited 20 Ironmonger Lane London EC2V 8EP
W	www.chelvertonam.com

Chelverton UK Dividend Trust PLC

(Formerly Chelverton Small Companies Dividend Trust plc)

Top Twenty Holdings

Holding	Sector	% of portfolio
Diversified Gas & Oil	Oil and Gas	3.52%
BCA Marketplace	Speciality & Other Finance	2.18%
Galliford Try	Construction & Building Materials	2.16%
Randall & Quilter Investment	Insurance	2.10%
StatPro Group	Support Services	2.08%
Dairy Crest Group	Consumer Goods	2.06%
Marston's	Leisure, Entertainment & Hotels	2.04%
Polar Capital Holdings	Investment Companies	2.01%
De La Rue	Support Services	1.95%
Belvoir Lettings	Real Estate	1.93%
Mucklow (A&J) Group	Investment Companies	1.87%
Kier Group	Leisure, Entertainment & Hotels	1.86%
Strix Group	Diversified Industrials	1.79%
Premier Asset Management Group	Investment Companies	1.74%
Castings	Construction & Building Materials	1.73%
Alumasc Group (The)	Construction & Building Materials	1.64%
Numis Corporation	Insurance	1.64%
Bloomsbury Publishing	Media & Photography	1.64%
Shoe Zone (Holdings)	General Retailers	1.63%
McColl's Retail Group	General Retailers	1.62%
Total		39.19%

Sector Breakdown%

Sector%	% of portfolio
Construction & Building Materials	16.32%
Financials	15.07%
Industrials	11.45%
Support Services	8.81%
General Retailers	6.72%
Real Estate	6.03%
Insurance	5.47%
Oil & Gas	4.58%
Technology	4.36%
Housing Goods & Textiles	3.04%
Transport	3.00%
Leisure, Entertainment & Hotels	2.99%
Media & Photography	2.63%
Food Producers & Processors	2.26%
Consumer Goods	2.06%
Automobiles	1.35%
Restaurant Pubs & Breweries	1.23%
Electronic & Electrical Equipment	1.11%
Telecommunications Services	1.06%
Packaging	0.46%
	100.00%

Market Cap Breakdown

	% of portfolio	No of stocks
Above £1bn	8.29%	5
£500m-£1bn	24.27%	15
£250m-£500m	14.76%	10
£100m-£250m	25.61%	19
Below £100m	26.65%	27
Cash and Income	0.42%	0
Total	100.00%	76

Source: Chelverton Asset Management Limited

Risk Factors
The value of investments and the income from them may go down as well as up and you may not get back your original investment. Investment trusts can borrow money to make additional investments on top of shareholders funds (gearing). If the value of these investments fall in value, gearing will magnify the negative impact on performance. Particular share classes may also be structurally geared by other share classes that have earlier entitlement to the Company's assets up to a predetermined limit. If an investment trust incorporates a large amount of gearing the value of its shares may be subject to sudden and large falls in value and you could get back nothing at all. Some split capital shares have higher risk characteristics than conventional equities which can result in capital erosion. An investor could lose all of their capital. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile. Some of the annual management fee is currently charged to the capital of the Fund. Whilst this increases the yield, it will restrict the potential for capital growth. The level of yield may be subject to fluctuation and is not guaranteed. Net Asset Value ("NAV") performance is not the same as share price performance and investors may not realise returns the same as NAV performance.

Risk Rating of Shares

Zero Dividend Preference shares	Medium
Ordinary shares	High

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